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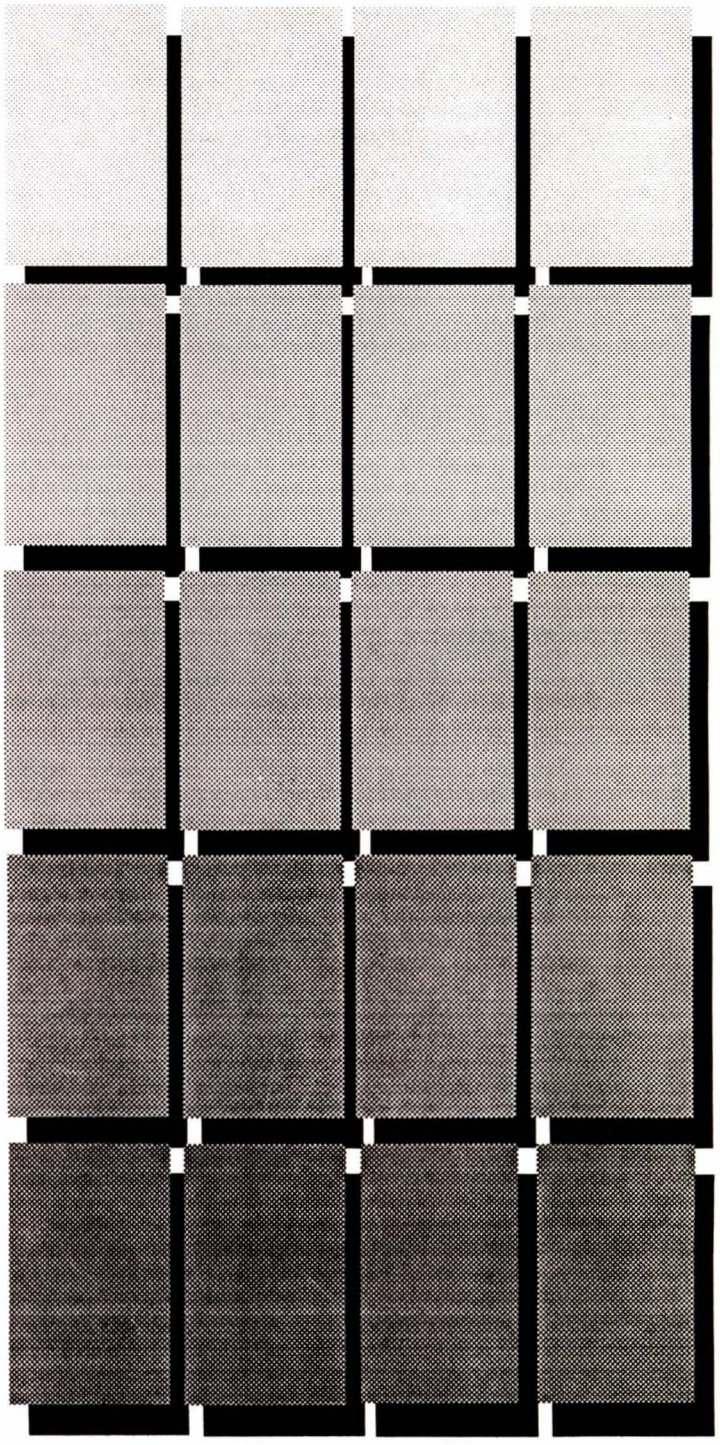
United States
Department of
Agriculture

Forest Service

Excellence in Forest Service Financial Management



Excellence in Forest Service Financial Management

Table of Contents

Executive Summary 1

Briefing Paper 2

Questions and Answers 3

Excellence in Forest Service Financial Management

Issue

To achieve a standard of excellence in Forest Service financial management which will improve our capability in making viable resource management decisions and gain support of the public(s) and Congress in carrying out our mission.

Objectives

Objective 1
Institutionalize excellence in financial management.

Objective 2
Deliver customer service and customer satisfaction to our own people and be responsive to those seeking financial information.

Objective 3
Maintain a diverse Forest Service work force that is highly skilled and trained to redeem our financial management responsibilities.

Objective 4
Forest Service decision makers and financial management specialists work together in partnership to anticipate emerging issues and opportunities to utilize financial information and analysis in making resource management decisions.

Objective 5
Forest Service financial managers and specialists demonstrate proactive leadership and the application of common sense and professional judgments.

Concepts

Information

Financial Management is built around information. How far the Forest Service is able to go in Excellence in Financial Management depends in large part on the quality of the financial information that we are able to obtain, interpret and use. Good financial information is the basis of Excellence in Financial Management.

Secretary Yeutter has made the establishment of a modern, integrated financial management system one of his major initiatives. The automated core of the Department's Modernization of Administrative Process (MAP) initiative is the Administrative Integrated Management System (AIMS). AIMS will integrate into one automated system all of the administrative functions operated at NFC. The Forest Service will participate with NFC in the development and pilot operation of AIMS. Our participation in the developmental work has already begun. Region 3 has agreed to pilot the operation of AIMS during FY91. The successful implementation of AIMS is an essential component in achieving excellence in financial management in the Forest Service.

Organization

To direct our business practices towards the objectives of Excellence in Financial Management, the appended diagram—Excellence in Financial Management: A Concept—describes the general areas of financial operations, financial management policy, work force management, financial planning and controls. It also shows interrelationships of Forest Service managers and employees and their association of achieving Excellence in Financial Management. Grouping tasks in these five general areas provide for nation-wide consistency in financial management and should enable our Agency to serve the public with excellence and accountability. It is incumbent upon each organizational level to insure that the required skills and abilities are in place to perform identified jobs in an efficient and effective manner.

Training

The achievement and implementation of Excellence in Financial Management will require the commitment to expanding and re-emphasizing training for all Forest Service employees. Current and future needs must be addressed by sharpening and expanding our employees' technical expertise, analytical abilities and managerial capabilities. Skill development in financial management needs to be focused on the delivery of pertinent financial skills to specific employees rather than a programmatic delivery of financial skills to organizational levels.

There are three basic avenues which employees needing financial management skills can pursue in achieving their developmental goals. These are: formal internal training, formal external training and on-the-job training.

Briefing Paper

BRIEFING PAPER

Excellence in Forest Service Financial Management

Introduction

Deputy Chiefs Rice and Sirmon directed a broad based look at Forest Service financial management and its utility in serving the Agency's needs. The focus was on customer service and customer satisfaction with an eye on excellence in Forest Service financial management. The process included the establishment of various task groups which represented all levels of the organization and contained both line and staff officers. These task groups were charged with determining actions needed to bring excellence into Forest Service financial management.

The task groups completed their initial assignments which included staff papers on:

- Historical Background
- Current Situation Description
- Desired Future Condition Description
- Identification of Barriers to Achieving Excellence in Financial Management
- Current Operations
- Information Component
- Organizational Component
- Training Component
- Implementation Strategy to Achieve the Desired Future Condition

Some 600 Forest Service people have had an influence on the preparation of the information in this document. Our internal effort is very timely as the USDA is currently involved in designing and implementing an Administrative Integrated Management System (AIMS) for implementation Department wide. The Forest Service has been asked to be a partner in this project and to work with the NFC in the development and implementation. This effort in conjunction with the Forest Service procurement of Oracle, will provide the vehicle for producing accurate and timely financial information. The timing is most appropriate for the Forest Service to move forward in achieving Excellence in Financial Management.

Situation

Currently, our financial management methods do not meet General Accounting Office (GAO) standards nor the needs of individual financial managers at the various organizational levels. This threatens Forest Service credibility with the Department, the Office of Management and Budget (OMB) and the Appropriations Committees — on whose good will our success in addressing the Forest Service mission is dependent.

The current lack of quality and reliability of the financial information significantly affects Forest Service management. Financial information is almost universally questioned, errors exist and, in some instances, there is difficulty in getting corrections made.

Management at many locations is not utilizing financial information in making financially sound program decisions. Management philosophies together with funding constraints are resulting in decisions that press the legal limits as evidenced by recent audits.

The major underlying causes of our current situation are:

1. Service-wide there is a lack of management commitment to financial management and financial integrity. The strong perception is that the organization puts a far higher priority on achieving output targets than maintaining financial integrity. There is no accountability for poor performance nor rewards for excellent financial management.

2. The current financial management information system does not have a high degree of reliability. It does not provide accurate, or timely information. The appropriation and funding structure is complex. The central accounting system is not able to respond to the complex appropriation and budget line item structure effectively. The accounting coding is new. The knowledge and skill levels in understanding, accessing and using the accounting system vary from extremely low to adequate throughout the Agency.

3. Many line managers and financial management specialists lack knowledge in financial management due to lack of training, complexity, and attitude. There has been a serious reduction in the number of trained financial specialists in key positions within the service.

In summary the agency continues to manage its financial affairs with a less than satisfactory financial information system.

Objectives

Objective 1

Institutionalize excellence in financial management by:

- Facilitating the needs of management including being efficient and cost effective.
- Having financial information that is current and available on demand in the quality and quantity needed.
- Providing integration of current historical and outyear financial and accomplishment data.
- Maintaining financial information in accordance with the laws, Treasury, OMB and the General Accounting Office rules and generally accepted accounting principles.
- Assuring that financial records are structured using the Core Financial System Requirements.
- Understanding Congressional intent and legal requirements.

Objective 2
Deliver customer service and customer satisfaction to our own people and be responsive to those seeking financial information.

Objective 3
Maintain a diverse Forest Service work force that is highly skilled and trained to redeem our financial management responsibilities.

Objective 4
Forest Service decision makers and financial management specialists work together in partnership to anticipate emerging issues and opportunities to utilize financial information and analysis in making resource management decisions.

Objective 5
Forest Service financial managers and specialists demonstrate proactive leadership and the application of common sense and professional judgments.

Concepts

Information

Financial Management is built around information. How far the Forest Service is able to go in Excellence in Financial Management depends in large part on the quality of the financial information that we are able to obtain, interpret and use. Good financial information is the basis of Excellence in Financial Management.

Secretary Yeutter has made the establishment of a modern, integrated financial management system one of his major initiatives. The automated core of the Department's Modernization of Administrative Process (MAP) initiative is the Administrative Integrated Management System (AIMS). AIMS will integrate into one automated system all of the administrative functions operated at NFC. The Forest Service will participate with NFC in the development and pilot operation of AIMS. Our participation in the developmental work has already begun. Region 3 has agreed to pilot the operation of AIMS during FY91. The successful implementation of AIMS is an essential component in achieving excellence in financial management in the Forest Service.

Organization

To direct our business practices towards the objectives of Excellence in Financial Management, the appended diagram—Excellence in Financial Management: A Concept—describes the general areas of financial operations, financial management policy, work force management, financial planning and controls. It also shows interrelationships of Forest Service managers and employees and their association of achieving Excellence in Financial Management. Grouping tasks in these five general areas provide for nation-wide consistency in financial management and should enable our Agency to serve the public with excellence and accountability. It is incumbent upon each organizational level to insure that the required skills and abilities are in place to perform identified jobs in an efficient and effective manner.

Training

The achievement and implementation of Excellence in Financial Management will require the commitment to expanding and re-emphasizing training for all Forest Service employees. Current and future needs must be addressed by sharpening and expanding our employees' technical expertise, legal understanding, analytical abilities and managerial capabilities. Skill development in financial management needs to be focused on the delivery of pertinent financial skills to specific employees rather than a programmatic delivery of financial skills to organizational levels.

There are three basic avenues which employees needing financial management skills can pursue in achieving their developmental goals. These are: formal internal training, formal external training and on-the-job training.

Strategic Actions

To achieve Excellence in Forest Service Financial Management by October 1, 1995:

- **Financial Management Structure.** Implement a financial management structure that embraces the general areas of financial operations, financial management policy, work force management, financial planning and controls.

- **Financial Information Clearinghouse.** Create an authoritative corporate financial or financial related information clearinghouse and approval point above the staff level.

- **Financial Information Requirements.** Refine existing information requirements. Establish the Data Dictionary with a clear set of data definitions and the Information Atlas explaining common data aggregations.

- **Corporate Financial Data.** Locate all financial data in the corporate Forest Service data base.

- **Corporate Financial Systems Integration.** Maintain Forest Service financial and financially related information as an integral component of the accepted corporate information management architecture. This includes exercising leadership in the testing and implementation of the USDA-NFC Administrative Integrated Management System (AIMS).

- **Financial Management Training.** Train all Forest Service employees in financial management. This training covers the full range of skill needs from employee awareness, to advanced experts, to management. Assure that financial management training is provided on a continuing basis, and is consistent, current, and designed to meet specific needs of Forest Service line and staff at each level of the organization.

Benefits

Excellence in financial management is doing a quality job for each stake holder, Congress, and the public in general.

Instilling credibility in our reports, providing prompt and reliable information, and assuming a professional mode in financial management will confirm to our customers our interest to provide exceptional service.

Decision-makers value good financial information. This information assists in the Agency's effort for making sound, analytical multiple-use land management decisions. It will also move us closer to our objectives in end results budgeting. The public has high expectations of how government manages its finances. Five conditions are needed for these expectations.

Information. Forest Service financial information is reliable, consistent, usable, readily available, and responsive to customer needs.

Knowledge. A diverse Forest Service work force is highly skilled and trained to redeem our financial management responsibilities.

Integration. Forest Service decision-makers and financial management specialists work together in partnership to support our mission.

Management Responsibility. Forest Service decision-makers value good financial information and related analysis as an integral part of their responsibilities.

Financial Leadership. Forest Service financial managers and specialists have pride in their profession, demonstrated by their proactive leadership and the application of common sense and professional judgments.

Consequences

Unsound decisions resulting from inadequate financial management knowledge and information.

We are in a new era where financial management information will be used in making resource decisions. Quality, knowledge and information must be provided to the decision maker to achieve the results that are expected of us. As Federal funding continues to be tight, we must improve our ability to compete for funding. Lack of appropriate knowledge and inaccurate information will result in poor management decisions, lost opportunities and inefficient use of funds.

Unacceptable customer satisfaction and service both internally and externally.

Financial management is a key ingredient in the recipe of Caring for the Land and Serving People. Internally we must provide a quality product by involving financial managers in decisions which have either a direct or indirect financial impact.

Increased potential for violations of the Anti-deficiency Act.

Factors contributing to this will be the lack of specialist skills to operate the Financial Management system and lack of knowledge by managers to operate within approved funding.

Waste, fraud and abuse.

These will result from inadequate and inoperable internal controls.

Unacceptable job satisfaction of employees.

Employees must feel good about the job they are doing if we are to achieve real excellence in carrying out our mission. In order for them to feel good they must believe they are the best at what they do. To be the best they must be equipped with the proper knowledge and skills.

Financial credibility problems with the Congress will continue.

This will mean that Congress will continue to resist relaxing reprograming authorities and to direct the Forest Service to implement new reporting systems like TSPIRS and All Resource Accounting so that we can provide the financial information Congress needs to make budget decisions. Capturing the financial information for these new systems will create a big impact on all employees.

Questions and Answers

QUESTIONS & ANSWERS

Excellence in Forest Service Financial Management

What does Financial Management Mean?

Financial management is Forest Service financial information that is integrated including people data, accomplishment and planning data, program budget, Forest Plan monitoring, budget execution and accounting data.

(Reference: Desired Future Condition Report)

What is Excellence in Financial Management?

Excellence in Financial Management is establishing and maintaining financial credibility and integrity. Its focus is on customer service and customer satisfaction, not only for our employees but for elected officials and the general public.

Excellence in Financial Management is Forest Service financial information that:

- Facilitates the needs of management, including being efficient and cost effective.
- Is current and available on demand in the quality and quantity needed.
- Provides integration of current, historical, and outyear financial and accomplishment data.
- Is created, managed, and presented in accordance with General Accounting Office (GAO) principles and standards to the extent applicable to Forest Service situations and in accordance with all appropriate laws.

It is a comprehensive, people oriented financial management system which provides managers with quality, timely, and useful information for decision making, planning and accountability.

(Reference: Chief's 9/11/89 letter and Desired Future Condition Report)

Why Should We Be Concerned About Excellence in Financial Management?

The Forest Service does not now have excellent, or even adequate, financial management as evidenced by the very serious FY 1988 deficit in the National Forest System and Job Corps accounts. Financial management today does not meet current GAO standards nor the needs of individual financial managers at the various organizational levels. Therefore, the Forest Service's credibility is at risk with the Department, the Office of Management and Budget, the Appropriation Committees, the general public and even our own employees.

Additionally, we should be concerned about Excellence in Financial Management in order to:

- Decrease the likelihood of waste, fraud and abuse.
- Be better prepared for the increased detailed oversight by Congress and the restrictive appropriation language.
- Provide flexibilities for on-the-ground program manager.
- Decrease the potential for violation of the Anti-Deficiency Act and Appropriation Act.
- Achieve the end results budgeting concepts.

(Reference: Current Situation Report and Barriers Report)

Has the Scope of Our Requirements in Financial Management Changed Over Time?

The scope of our financial management requirements has evolved from a simple beginning, i.e., from a fiscal agent position responsible for Forest Service funds, into a complex funding and financial business.

Through the fifties and sixties, the Agency applied financial controls at the Regional Office and Station level headquarters. Each Region and Station had its own accounting system and processed all payment and collection activities.

By the early sixties, most financial activities had been automated. Accounting information became very structured and controlled to meet upward reporting requirements. These changes created a fiscal organization focused on meeting the Treasury Department's requirements on an operational level and on providing fiscal interpretations for the use of funds.

As the Agency progressed through the sixties and into the seventies, three important events occurred which ended Regions' and Stations' independence in financial information processing. In just a few years, budgets increased dramatically and the appropriation structure became more complex. The second change began with the evolution of payroll from a simple payment system to one with many complex payment rules. The third change was the moving of payroll operations to a single department computer operation, i.e., National Finance Center.

By the eighties, the change in the development and use of annual appropriation language allowed for broad program interpretations by line officers rather than traditional fiscal interpretations. In the development of management guidelines, the emphasis shifted from control to management objectives.

(Reference: Historical Background Report)

What Barriers, Real or Perceived, Exist and Must Be Overcome in order to Move from Our Current Financial Management Situation to the Desired Condition of Excellence in Financial Management?

A cross section of Forest Service employees provided input as to what they believed to be barriers in reaching Excellence in Financial Management. A sampling of those barriers follows:

Knowledge and Training

- Lack of financial management training for unit managers at all organizational levels.
- Adequate training is not provided to "on the ground" people who use our financial management system and processes.
- Lack of understanding of financial management principles by many Forest Service people — particularly our managers.
- Lack of training on new financial management tools—FOCUS, ORACLE.

Organizational

- The detail currently required in our present accounting system (activity/fund code) is complex and misunderstood, and does not collect information that is usable by managers to make sound decisions.
- National Finance Center-related delays resulting in insufficient time for excellence in financial management.
- Inability to compete with private industry. Many well-trained financial managers are leaving the Agency. As a result, the current work force is not necessarily the "cream of the crop" and there has been significant turnover.
- There is no pipeline of trained and knowledgeable people for positions in Forest Service financial management.
- We have no formal program to inform our publics on how our financial management system works and how it relates to program delivery.
- The Forest Service does not have a Chief Finance Officer who speaks for the Agency and sets standards.

Attitudes

- There is a "who cares?" attitude about how the financial management system works and what it costs, plus a lack of accountability for results.
- Lack of commitment on part of managers to excellent financial management.
- There is an institutional reluctance by Budget and Fiscal to make recommendations for action and decisions.

(Reference: Barriers Report)

Why Do We Have to Change Our Current Financial Management Methods?

In short, today our financial management system has serious defects. Financial management today in the Forest Service does not exhibit characteristics of a well-managed organization. While the FY 1988 deficit was a dramatic problem with severe potential legal consequences more importantly it was the manifestation of fundamental problems. For example, the accuracy of financial statements are almost universally questioned, errors are numerous, difficulties exist in making corrections, work to maintain accounts is not done in a timely manner, accounts are not monitored, the system is time demanding, and top management is either not involved or is pressing against legal and fund limits.

In light of the acceleration in technological advancements and the increasing demand for accountability, our financial management will need to be not only responsive but should be anticipating emerging technology issues.

Additionally, we have to change our current financial management methods because of the current fund control problems:

- Financial management is not given appropriate emphasis from top management.
- Authority to vary from specific allocations and congressional direction is not clear.
- Reprograming guidelines need to be understood for FY 1991.
- Direction on financial management needs to be consolidated to be an efficient guide. Current direction is not followed.
- Confusion is apparent regarding the precedence of the Appropriations Act related to Forest Plans and budget proposals.
- In depth financial reviews and monthly monitoring is not done to an adequate standard.

- Financial management is not a key factor in performance reviews.
- Accounts maintenance is sloppy, quality control at NFC is inadequate and actions are often not timely.
- Staffing and training are not adequate.

(Reference: Current Situation Report and Organization Report)

Is the Current Forest Service Work Force Prepared to Implement Excellence in Financial Management?

The current Forest Service work force is only partially prepared to implement Excellence in Financial Management. Its achievement and implementation will require the commitment by management to expand and re-emphasize training for all Forest Service employees. Current and future needs must be addressed by sharpening and expanding our employees' technical expertise, analytical abilities and managerial capabilities.

The Forest Service plan for providing financial management development opportunities to employees is targeted at financial specialists, program managers and line managers. The overall training focus for these three groups varies. The first concentrates on accounting and technical training needed to operate and maintain the financial information systems. The second mixes both technical and managerial courses. The third is primarily on managerial and leadership subjects, including utilizing financial information for decision making.

(Reference: Training Report)

How Will Skills and Knowledges Needed for Achieving Excellence in Financial Management Be Obtained?

Skill development in financial management needs to be focused on the delivery of pertinent financial skills to specific employees rather than a programmatic delivery of financial skills to organizational levels.

What is needed is basic training unit blocks that can be assembled in a variety of ways to meet specific training needs. The training blocks needed for a particular task (job) would be determined by a position profile of skill needs. The training blocks would represent a full range of skill needs, from the basic (employee orientation) to the advanced (in-service experts).

Another method for these skills and knowledges to be obtained is through the establishment of a financial management institute. This institute will be staffed with a team of highly qualified individuals who will develop, implement and maintain training plans.

(Reference: Training Report)

Does Financial Management Extend to all Forest Service Organizational Levels?

Yes, it does. If we are to direct our efforts toward the objectives of Excellence in Financial Management, the involvement and commitment by all Forest Service employees at every organizational level are essential.

The appended diagram—Excellence in Financial Management: A Concept— describes the organizational configuration by program areas and associated tasks needed for an efficient and effective financial management program. It also shows interrelationships of Forest Service managers and employees and their association of achieving Excellence in Financial Management. Grouping tasks in these five general areas provide for nation-wide consistency in financial management and should enable our Agency to serve the public with excellence and accountability. It is incumbent upon each organizational level of the Forest Service to determine what organization (people and dollar resources) is necessary to achieve these goals.

(Reference: Organization Report)

Will Excellence in Financial Management Demand New or Revised Information Requirements?

Excellence in financial management will require the Agency to refine existing information requirements. It is critical that there are clear definitions and standards for all financial data elements, and that these definitions are used throughout the Service. Standard, clear, and understood data definitions provide the foundation for accurate data. A great deal of work has been done in past years on this. We should build upon this past, make changes and clarifications as deemed necessary, and move on. There is no need to develop a new information system from scratch. Key elements in the completion of this recommendation are the Data Dictionary with a clear set of data definitions and the Information Atlas explaining common data aggregations that produce information for decision analysis.

(Reference: Information Report)

What Effect Will Excellence in Financial Management Have on Decision Making?

The effect will be:

- Better decisions will be made.
- Financial management information will be timely, accurate, consistent and readily available.
- Decision makers will value good financial information as an integral part of their responsibilities.
- Financial managers and specialists will demonstrate proactive leadership and application of common sense judgments.

(Reference: Desired Future Condition Report)

Does Excellence in Financial Management Require Reorganization in the Forest Service?

No, but what it does require is that the necessary skills and abilities be provided at the appropriate organizational level to get the job done, as identified, in an effective and efficient manner.

(Reference: Organization Report)

Foundation

Excellence in Financial Management A Concept

Participants

Chief

- Deputy Chiefs
- Deputy Regional Forester—Admin
- Assist. Station Director—Admin
- Director F & PS
- Director PD& B
- Regional Forester
- Station Directors
- Area Director
- Forest Supervisor
- Project Leaders
- District Rangers
- Admin Officers
- Budget & Fiscal Officers
- Research & District Business Managers
- Employees

Units

Research | **National Forest System** | **State and Private Forestry**

Washington Office Headquarters

Stations, Laboratories | Regions, National Forests, Districts | Area

Programs and Systems

Financial Operations
- Central Accounting System
- Timber Sale Program Infor Sys
- Timber Sale Accounting
- Payments and Collections
- Cost Analysis
- Financial Monitor
- Economy Analysis
- Budget Execution
- Financial Evaluation

Financial Management Policy
- Systems Development
- Incident Business Management
- Fiscal Liability
- Technology Transfer
- Analysis and Special Studies
- Appropriation Integrity
- External Interface—Agencies and Private Business

Work Force Management
- Financial Specialists
- Continuing Education
- Qualified Techs and Clerical Organization
- Training for Line Managers
- Training for Program Management
- Financial Training Awareness for Employees
- Recruiting

Financial Planning
- Program Budget Formulation and Validation

Controls
- External and Internal Audit and Review
- Performance Standards
- Accountability
- Commitment to Excellence Through Ownership
- Management Attainment Report
- Educational Requirements

Recipients

Agency Employees | Cooperators | Public | Congress

TAXPAYERS

Goal

Achievement of an efficient and effective financial management program